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SENATE

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EMPLOYMENT, EDUCATION AND TRAINING REFERENCES
COMMITTEE

Reference: Regional employment and unemployment

WEDNESDAY, 29 APRIL 1998

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SENATE

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES COMMITTEE

Wednesday, 29 April 1998

Members: Senator Crowley (*Chair*), Senator Tierney (*Deputy Chair*), Senators George Campbell, Carr, Denman, Ferris, Stott Despoja and Synon

Substitute members: Senators Carr and Mackay

Participating members: Senators Abetz, Allison, Bolkus, Brown, Colston, Mackay and Margetts

Senators in attendance: Senators Crowley, George Campbell, Carr, Ferris and Mackay

Terms of reference for the inquiry:

- (1) An assessment of the factors that contribute to the disparity in employment levels between different regions and also between regions and capital cities, as well as the continuing high levels of regional unemployment, with particular reference to:
 - (a) the impact on job opportunities as a consequence of increases or decreases in the level of federal, state and local government funding and services;
 - (b) the direct and indirect loss of income to regional communities;
 - (c) its impact on the level of private sector investment and activity in regional communities;
 - (d) the effectiveness of labour market programs and vocational education and training on job creation in regional areas; and
 - (e) assessment of the effectiveness of current and previous governments' funding and program delivery in promoting regional job creation.
- (2) an examination of remedial strategies that have or can contribute to reducing regional unemployment, including any overseas experiences.

WITNESSES

BALUCH, Mrs Nancy Joy, Mayor, Port Augusta City Council, Box 1704, Port Augusta, South Australia 179

KIMBER, Mr Robert, Assistant Director, Spencer Institute of TAFE, 9-39 Carlton Parade, Port Augusta, South Australia 5700 169

McSPORRAN, Mr Ian Donald, City Manager, City of Port Augusta, PO Box 1704, Port Augusta, South Australia 5700 179

Committee met at 2.15 p.m.

KIMBER, Mr Robert, Assistant Director, Spencer Institute of TAFE, 9-39 Carlton Parade, Port Augusta, South Australia 5700

CHAIR—Good afternoon, everybody. I apologise for our late arrival. Thank you for your patience. I understand Mr Bob Kimber needs to address us about matters of safety.

Mr Kimber—Yes, firstly, I welcome the committee. Very quickly, in terms of safety on this campus, if there is an fire or a need to evacuate, you will hear quite a distinctive loud siren go off—you will not miss that. If you do hear that, then you need to exit via the back or the front of the theatre. You then head straight out to the car park and then up behind block A. You cannot return until you are told to do so.

CHAIR—Thank you very much. You have no idea what the committee is puzzling about. Is this a regular occurrence? We thank you very much for your commitment to safety. Colleagues, we have had a request for the *Transcontinental* newspaper to record some of our proceedings and we have also had a request from the ABC to have a direct feed from the Sound and Vision Office equipment regarding this hearing. If nobody on this committee has an objection to either of those things happening, then it is so ordered.

I declare open this public hearing of the Senate Employment, Education and Training References Committee. Today's hearing in Port Augusta is part of the committee's inquiry into regional employment and unemployment. I welcome Mr Bob Kimber. The committee prefers all evidence to be given in public, but should you desire at any time to give your evidence, part of your evidence or answers to specific questions in camera, the committee will consider any such request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened on occasions in recent years. We have received from you a submission, which is document Z. Is it the wish of this committee that it be received? There being no objection, it is so ordered. Would you like now to speak briefly to that document, then we will ask questions. Could you try to do that in three minutes not five.

Mr Kimber—Firstly, I tender an apology from the director of the institute, Dr Brian Hussey—he is actually attending a Public Works Committee hearing in Kadina—and also from Ms Wendy Burns, the assistant director, who is based at this campus. In essence this is her submission that I am presenting on her behalf.

The submission basically attempts to address focus 1(d)—effectiveness of labour market programs in VET. The first section of the submission refers to the institute and the size of the institute. It covers 85 per cent of the state and has 17 campuses and 24 study centres in Aboriginal communities. So obviously it involves quite a substantial infrastructure to service such a vast region. We have won best practice awards for our delivery in community services and health, which is an important area in this region. We are amongst the best institute performers achieving our performance targets last year. Our capacity to generate revenue, however, is limited and has been tested by the economic changes in the region.

In terms of community involvement, we work collaboratively with local training providers, such as Skillshare and group training schemes, to ensure the community has access to a wide range of affordable training. We also contribute our expertise to community groups, community projects and economic development boards to support community economic and social development, for example, horticultural projects, information technology development, youth initiatives and career education.

We have responded over the last couple of years to changes in the local community labour market by redirecting existing resources to match, where possible, where the demand is. This has enabled additional training to be delivered especially in the areas of information technology, small business, community services, rural and horticulture, and tourism. We are sometimes frustrated in responding to local changes as our funds are fairly well tied to a purchase agreement that focuses on direct delivery of services, not on investment to change to new training directions.

Many recent demands have been for short induction programs in specific skill areas customised for projects, particularly for the Olympic Dam project, on a cost recovery basis. We have also been heavily involved with the AN workers in terms of the labour adjustment program, accommodating their individual needs and working with them to help them adjust to the changes that have occurred in their situation.

One point we would like to make is that the diverse training market policy means that we need community groups to do the paperwork as TAFE is not likely to be able to often win all that is required. As the prime local provider, the community relies on us to do this. We have local commitment and understand the local needs. There are often complaints from community groups regarding the amount of paperwork and bureaucracy associated with general tender funds and this can often dissuade community groups from wanting to be involved. Few city based private providers have an interest in the local community and initiate tenders unless they see it as profitable.

CHAIR—Mr Kimber, can I interrupt. I do apologise again for the absolute restriction on time. We have your very useful submission so, if there is nothing that you really passionately wish to highlight, could I perhaps ask for questions from my colleagues. If there is something that you really want to put on the record, you can either raise it by way of answer or come back to it. Is that okay with you, Mr Kimber?

Mr Kimber—That is fine.

CHAIR—Thank you very much.

Senator CARR—Mr Kimber, you would be aware of the terms of reference of the inquiry, a part of which goes to the issue of the role of educational institutions in employment issues. We have heard submissions that educational institutions are to blame for unemployment. We had put to us in Adelaide yesterday that the reason we have got unemployment is to a large measure because of educational institutions. There are a string of other scapegoats I have noticed. Do you have a view about that sort of proposition. Are you responsible for unemployment in this region?

Mr Kimber—I do not believe so. If you look at the employment outcomes from students who are enrolled with the Spencer Institute of TAFE, I think you would find that their success rate in obtaining employment is quite high. I believe a number of studies have been released this year that refer to graduates from TAFE courses finding employment. In fact, something like 70 to 80 per cent achievement employment. So I believe the TAFE system in particular contributes to employment.

Senator CARR—It has a very good record?

Mr Kimber—Yes.

Senator CARR—So I can get a sense of the size of the institute, what sort of budget do you have for the institute?

Mr Kimber—The institute budget this year would be approximately \$14 million. That is terms of AA or what we call state recurrent funds.

Senator CARR—How many student contact hours would you be teaching here?

Mr Kimber—I am going on last year's figures, but we delivered across the institute something like 1.6 million contact hours.

Senator CARR—What sort of growth rate do you anticipate?

Mr Kimber—This year there is not a large increase; it is a probably about 1.7 roughly.

Senator CARR—In the last two years there has been a range of funding reductions for vocational education and training. What sort of dollar impact has that had on this particular institute? What sort of impact have the Commonwealth reductions in vocational education and training had on this institute?

Mr Kimber—I really cannot comment on that because basically our funds come via the state. I really cannot comment on that situation. This institute this year has done reasonably well in terms of funding and there has been a slight restructuring of the funding within TAFE SA acknowledging the difficulties for the country situation—that is, there is a weighting being given to the country situation.

Senator CARR—So has there been any reduction to the state level of funding on a student contact hour basis?

Mr Kimber—No, we are basically expecting to maintain our contact hours.

Senator CARR—That is your number, but what about the funding dollars? What sort of pressure has there been on the college to reduce the unit costs?

Mr Kimber—Certainly there is and has always been an expectation to improve efficiency and, therefore, in essence, do it for less or reduce your costs as far as possible.

Senator CARR—The government's program is to seek the increase on a national basis of half a million extra places over the next five years with no extra increase—

Mr Kimber—Yes, I think South Australia has 4,000 additional places this year.

Senator CARR—What additional money is being provided to fund that growth?

Mr Kimber—I am unsure whether there are any additional funds being provided for that.

Senator CARR—I understand there are none from the Commonwealth. Is the state putting extra money in?

Mr Kimber—I am not aware of that.

Senator CARR—Has there been any loss of moneys to this institute from labour market programs?

Mr Kimber—With the redirection or the change in terms of labour market programs, which are the Commonwealth funded programs, certainly there has been a reduction in terms of our ability to access those funds.

Senator CARR—How much? What sort of impact did they have?

Mr Kimber—I would not be able to comment.

Senator CARR—Would you be able to provide that information to us? Is that possible to provide?

Mr Kimber—Yes, I can try to find that information for you.

Senator CARR—Thank you; I appreciate that. My next question goes to the capacity to actually meet the new buzz words in vocational education—'industry driven' and 'flexibility to industry needs'. How can you manage those sorts of demands when your costs are benchmarked against Victoria?

Mr Kimber—Interesting question.

Senator CARR—What about an interesting answer?

Mr Kimber—It makes it difficult.

Senator CARR—What is the difference between what you are doing here in this part of the world and what happens in Melbourne?

Mr Kimber—One would be the size of this institute and the diversity of this institute—that is, we are talking about 17 campuses spread across 85 per cent of the state—therefore, the costs would be higher in delivery. That is a problem with rural areas. I think we make a

comment within the submission about the costs of delivering training in rural areas. It is more costly to do that, although we have introduced some initiatives—for example, diversifying into Open Learning to deliver programs to clients by an open or flexible delivery mode which, hopefully, would enable us to deliver more in that regard.

Senator CARR—The wages are 10 per cent higher in South Australia, New South Wales and every other state than they are in Victoria. I would have thought for TAFE teachers that would have had an impact on your capacity?

Mr Kimber—Are you saying that the Victorian salaries are lower than those in South Australia?

Senator CARR—Yes, 10 per cent lower. That is a major contributor to the question of so-called efficiency.

Mr Kimber—Yes, that would have an effect.

Senator CARR—I draw your attention to the statement you make here in regard to the vocational education and training in schools, which is heavily dependent upon the advice provided by the TAFE college. You say:

. . . local schools are frustrated in their attempts to attract appropriately skilled staffs, who have credibility within industry.

In your experience is there a problem with being able to provide quality training in schools? You hear a lot about how important all of this is. You are saying that there are not enough skilled staff to do the job?

Mr Kimber—It is difficult to obtain skilled staff in rural areas—that is, to attract them to rural areas. People seem to be reluctant to come to rural areas.

Senator CARR—Given the pressures on the cost structure, given the demands on you to do more with less and given the sorts of examples we are seeing with vocational education and training in schools, is there a case that the funding cuts have begun to affect the quality of the services provided?

Mr Kimber—From an institute point of view, we believe we are still delivering quality training. It is our aim and goal to do that. Everyone within this institute would aim to achieve that and to do that. Obviously, if there is a reduction in funds, it does make it more difficult.

Senator CARR—If you have got the same amount of money and you are required to teach more in the system, I would have thought that sooner or later something has to give. Are you being asked to compromise the quality of the services provided?

Mr Kimber—No, we have not been asked to do that.

Senator CARR—Is that not an effect of what actually has been occurring?

Mr Kimber—That could occur.

Senator GEORGE CAMPBELL—What do you mean by ‘current industrial agreements also limit our ability to attract specialist staff’?

Mr Kimber—That I cannot refer to. This is not my paper; Wendy Burns actually wrote the paper. I am presenting it on her behalf. That I cannot respond to, but I can get some explanation for you on that if you wish.

Senator FERRIS—In your paper that you have given us you refer to the difficulties of attracting specialist staff in key areas, for example, mining, information technology and management. I am interested in your response to what has been put to us previously in these hearings that there is a need for more effective planning in matching employment needs and education and training programs. This town has lost largely the AN business—I see in your paper you are looking at retraining some of those people—but as well as that you have got infrastructure opportunities for Roxby Downs and also for this new space industry that was announced yesterday. What is your TAFE doing to provide appropriately trained people to supply the demand in those industries?

Mr Kimber—At the moment we have begun discussions with the mining industries. We have been made aware of the Kistler project. I believe Wendy has been made aware of that and is attempting to put into place discussions with those people to arrange appropriate training for whomever they need to be trained.

Senator FERRIS—What have you done to help supply the demand for extra labour at Roxby, which is well established now?

Mr Kimber—There is a campus and a manager at Roxby. We have just appointed a lecturer in the area of metal fabrication. That has happened only this year. Before we tended to staff from either Port Augusta or Whyalla. Our staff are very flexible in that regard and are willing to travel. Now we have a lecturer appointed there to meet the growing needs. As the demands arise, the program managers will negotiate with the company to meet that particular need, be it here or where we need to take staff up there. This institute has a very proud record in terms of meeting the needs and responding as quickly as possible to the needs that are identified. As I say, we have now put a person up at Roxby.

Senator FERRIS—Turning to the AN question, it is my understanding that some millions of dollars were made available by the federal government as part of restructuring. I think a large proportion of that funding was coming to Port Augusta—and I will interested to talk to the mayor about that shortly. Did you get access to any of that money? Have you tried to get access to it? If you are providing assistance in retraining AN workers, have you got access to some of that funding for that process?

Mr Kimber—I cannot make a direct comment on that. Wendy certainly could because she is based here; I am based in Whyalla. My understanding is yes, we have. Certainly over the last couple of years we have accessed funds through the CES originally, et cetera. If there has been a request to run particular programs, we have done so.

Senator FERRIS—So what are these AN workers being trained in through the LAP program?

Mr Kimber—You have got me. I am not sure what areas they have been trained in. They would come in and indicate what areas they would like to be trained in. The CES may identify particular areas.

Senator FERRIS—Presumably, what they would ask to be trained in would be something where there is a demand for it?

Mr Kimber—Yes, one would expect so. It used to be done through the old CES—that is, they would come to us and say, ‘We wish to run a particular program in this area, can you assist us?’ And we would say, ‘Yes, we can,’ or, ‘No, we can’t.’ In 99 per cent of cases we would be able to address that need.

Senator FERRIS—Just broadening out the link between what you can offer here in the way of training and the business community, for example, tourism, it is said that Port Augusta has significant opportunities as the gateway to the Flinders Ranges. What sort of link is there between, for example, courses offered here and the likely local employer groups, so what you offer in terms of your training makes that person job-ready for those tourism businesses?

Mr Kimber—We initially tried to offer tourism as a face-to-face program. My impression was that that was not overly successful. We have moved now towards basically an Open Learning program across the whole institute. So there are staff scattered across the institute. Predominantly, there are a number at Whyalla and others across the institute who deliver tourism via Open Learning.

Senator FERRIS—That means on-the-job training, essentially?

Mr Kimber—Yes, it is either people who are currently working in the industry or people who want to break into that industry. They are able then to access the training program when it best suits them, which what really in a sense is what Open Learning is about.

Senator FERRIS—Would you have any idea how many AN workers you have been able to assist with training programs?

Mr Kimber—No, I can get you that information.

Senator FERRIS—I would appreciate it if you could give us not only the numbers but some details of the LAP program.

Mr Kimber—Yes.

Senator CARR—What impact has the introduction of user choice had on the services offered?

Mr Kimber—At this stage it is a little bit early to say because this is really the first year that it has occurred. I guess in some ways it has certainly created a lot of paperwork. I think I can make that comment—what I think is a true comment—from talking to my colleagues and the program managers in particular who have to actually administer the user choice. I am not sure whether it would have a dramatic impact in a rural area because to a large degree we are probably the major provider in terms of training. We have, I believe, very good relationships with local industries and they wish to use us anyway.

Senator CARR—Yes, we are getting that impression from industries we are speaking to. There is a high level of satisfaction with the services provide by the TAFE colleges and about 94 per cent of student contact hours are provided by TAFE on a national level. What we are hearing in other regions and I am understanding is the case is that there are concerns about private providers moving into a town, often not from the town but from capital cities often not necessarily in this state. Have you any apprehensions about that sort of competition or privatisation of your services?

Mr Kimber—At this stage, no, we have not had any experience. I have not been made aware of any group coming into our local operating area to deliver user choice at this stage. That may change in the future, but at this stage it has not had a major impact. If you spoke to us in, say, mid-year or later this year, we would probably have a better idea.

Senator CARR—So at this point have you lost any services at all?

Mr Kimber—I do not believe so at this stage, no. But, as I say, if you asked us probably in September or October, we could certainly give you an evaluation then of where the situation is at.

Senator CARR—I appreciate any advice you could give me on that.

CHAIR—There are too many things to ask you, Mr Kimber. There are a few questions that you have taken on notice, as I understand it, and you will provide further information for us.

Mr Kimber—Yes.

CHAIR—I would like for you to give us some information about the training opportunities and the take up of those opportunities by girls and women. I suppose I am asking for a breakdown in terms of who attends your courses and school. I also want to know how you work with the schools. Apart from providing the VET programs, what kind of tick-tacking is there between you and the schools?

I am very pleased to acknowledge in the audience today a large number of students from the Josephite school in town—Caritas College. We are very pleased to see you here. This is an inquiry about regional unemployment. According to some data, a large number of you could expect to be unemployed next year. I have had a talk to quite a lot of you and you all expect to be studying next year, which is really very good indeed. But the relevance of this inquiry to young people in particular is in terms of what are the job prospects for young people in this town, how can they contribute, what happens if their spirits are broken

because they do not really think too much at all is going to happen for them, and/or do they have to leave to get the work.

Mr Kimber—Senator Crowley, can I make a comment about working with schools. There is quite extensive cooperation with schools within the Spencer Institute. There have been last year and this year moves to establish memorandums of understanding between the institute and the various schools. The public schools are broken up into regions. Last year there was one signed with the Pirie region and we have just signed one with Whyalla and one with the Port Augusta area. So there is quite extensive cooperation in working closely with the schools.

Senator CARR—Is that a fee for service relationship?

Mr Kimber—It depends on what they are doing. If they are delivering it themselves, then we do the moderation, et cetera. If it is basic, it would be just cost recovery—recovering the cost of materials, et cetera. If they had to pay the full cost, it would probably be fairly expensive.

Senator CARR—Some TAFE colleges have been instructed not to continue those programs unless they are on a full cost recovery basis. Have you been instructed like that?

Mr Kimber—I am not aware of that instruction at this stage, although I am not involved directly with the VET area.

Senator CARR—What is the charge for that service?

Mr Kimber—I would need to take that on advice and provide that to you.

Senator FERRIS—I want to put a couple of other questions on notice if you could follow them up for me. I would be interested to know in relation to those AN people and the Olympic Dam people you have been working with how that training has worked out in terms of real jobs? Has some of it finished and have they been taken on by some employers? I would also like to know if you have any comments to make on the new apprenticeship schemes and any of the work you might have been doing with local industry groups to take up those apprenticeship schemes. Have you at this college got anything to do with the new communications infrastructure for training and education of businesses and so on? Are you working in that area at all?

Mr Kimber—Wendy Burns could certainly make a comment on that area.

Senator FERRIS—That would be excellent. If you could supply that information, I would be grateful.

CHAIR—We have just been hearing at Whyalla about the USA campus there and how it tries to use high tech for reaching students in their place of abode across this whole area. I understand you do that too. I have probably talked to some parts of this TAFE from Kintore Street or Light Square, but maybe I have not—I have come a fair way north. I wondered about how your high tech is going and how much you would like Telstra to improve it.

Mr Kimber—The high-tech usage or, if you like, video conferencing and on-line delivery we are beginning now to move into community services and aquaculture areas. We see that as a future direction for us in terms of catering for our clients. From Telstra's point of view, the cost of delivery—

CHAIR—Do not answer for Telstra, Mr Kimber; answer for yourself. Is Telstra delivering sufficiently what you want?

Mr Kimber—In terms of services, yes. We have not had any major dramas in terms of video conferencing. The telecommunications are fine, yes.

CHAIR—All the students who want to speak to you through computers, fax and everything else can?

Mr Kimber—Yes, as far as I am aware.

CHAIR—That is a big tick. I notice you have got a best practice award for the delivery community services in health. Presumably, some of that would have to do with helping a community cope with a lot of tough times and/or grieving. I was also advised on my way over here by a person with expertise in the area that the first reason why people seek counselling and support in this area—not just Port Augusta—is if they lose a partner, the second is if they lose a child and the third is if they lose a job. I wonder if you could take on notice anything you could offer by way of specifically addressing the tie up of unemployment, tough times, particularly for young people, and any connection to youth suicide, particularly in this area. I might be able to ask Councillor Baluch about that, but I would be interested to know whether, in your delivery of courses, you have addressed those particular needs in any way.

We are very appreciative of your time, Mr Kimber. It is too brief by far. Can we contact you or Wendy if we need further information to what we have asked?

Mr Kimber—Yes.

CHAIR—Thank you very much.

[2.45 p.m.]

BALUCH, Mrs Nancy Joy, Mayor, Port Augusta City Council, Box 1704, Port Augusta, South Australia

McSPORRAN, Mr Ian Donald, City Manager, City of Port Augusta, PO Box 1704, Port Augusta, South Australia 5700

CHAIR—Welcome. The committee prefers all evidence to be given in public, but you may at any time request that your evidence, part of your evidence or answers to specific questions be given in camera and the committee will consider any such request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. The committee has before it submission No. 41 from the Association of Provincial Cities of South Australia dated 24 April 1998. Are there any alterations or additions you wish to make to the submission at this stage?

Mrs Baluch—No.

CHAIR—Is it the committee's wish that the submission be received? There being no objection, it is so ordered. Given our time constraints, I ask that you give consideration to taking three or five minutes to speak so that the senators have a chance to ask questions.

Mrs Baluch—I will take five minutes. It is not my fault, Senator Crowley, that you were late. As mayor of the city of Port Augusta, may I initially formally welcome members of the Senate Employment, Education and Training References Committee to my city. Together with the city manager, Ian McSporran, I am pleased to note that the committee is at least taking the time to visit the areas which are the subject of its inquiry and not have the representatives from the region travel to the metropolitan location to make the necessary presentation.

As you are aware from the submission, which has already been formally lodged with the committee, the Association of Provincial Cities of South Australia, of which I am the chair, has engaged the South Australian Centre for Economic Studies to undertake a detailed and comprehensive analysis of the six provincial cities in South Australia: Mount Gambier, Murray Bridge, Port Pirie, Port Lincoln, Whyalla and Port Augusta. To date, two reports have been completed and presented to the association, and I have presented copies of those reports to the Premier. A third report is currently being compiled, and this report will draw on the information contained within the first two documents and set out options and strategies for growth in the future, with a particular emphasis on investment, economic diversification and employment growth.

It is not my intention to deal with all of the information contained within the submission lodged on behalf of the Association of Provincial Cities. However, it is my intention to highlight some of the issues which I mentioned in the document. In many cases, the issues have been previously raised with state and Commonwealth governments. The appeals for assistance made to both the former Labor governments and the current conservative governments have, to this stage, not been successful. As you will note, the cities have already initiated their own actions to endeavour to address the problems in regional South

Australia and have begun to work closely with the South Australian government in the task of securing investment and growth in the region.

Following our last meeting between the representatives of the provincial cities and the Premier, John Olsen, agreement was reached that a regular forum of meetings involving the Premier, Deputy Premier and four other senior ministers will be held at least twice a year to discuss the issues which are of mutual concern. As the Chair of the Association of Provincial Cities, I indicate that we would like to establish a close working relationship with representatives of the federal government, and this hearing today is an opportunity to follow up on the steps which were taken yesterday during formal discussions with various members of federal cabinet.

The core problems experienced by the provincial cities in South Australia include persistently higher unemployment rates and slower job growth, the loss of jobs from both the public and private sectors, slower population growth or, in some cases, actual decline contributing to further job losses, the withdrawal of government services and employment opportunities, the lack of policy attention given to the difficulty of attracting private capital, the perceived lack of support for regional centres and a sense of abandonment not only by the government but also by the private sector, particularly the banks.

On behalf of the association, I submit that a regional rejuvenation program be established to specifically coordinate all tiers of government in their efforts towards regional development. The essential purpose of this program would be to make individual cities and regions more attractive for capital investment and by involving all of the tiers of government it would result in a true consultation process being established. The association also recognises that the adjustment, growth and expansion assistance to regional localities are likely to be regionally specific or sector specific and purpose built in many cases.

In short, we believe this could be the essence of strategic economic development, provided such a program does not become bogged down with bureaucratic red tape for which the state and Commonwealth government departments and instrumentalities have been notorious, albeit in the name of ensuring accountability. In reality, what is being achieved is a paralysis of development by analysis. I had the opportunity of highlighting this with the Prime Minister yesterday when I was in Whyalla.

The provincial cities association believes there is a strong case for region based assistance, especially in Whyalla, Port Pirie and Port Augusta, which have all experienced both slow growth and a downside of industry adjustment. The reports from the South Australia Centre for Economic Studies underpins, firstly, the call for action on the basis that specialist regions frequently suffer decline with the fortunes of a single industry and, secondly, that in the absence of a more diversified employment base than the capacity of a regional provincial city to achieve countervailing growth in another sector of industries is further constrained. These are exactly the specific problems of Port Augusta, Port Pirie and Whyalla and, as indicated in the submission, are also present in other provincial cities of Mount Gambier, Murray Bridge and Port Lincoln.

Reference is also made within the submission concerning a recommendation already provided to the federal government arising from the then Industry Commission report into

impediments to regional adjustment. That recommendation is that the commission recommends that Commonwealth programs directed at regional development be developed and implemented in consultation with the states, which also could have greater responsibility for their delivery. As stated earlier, it should involve all tiers of government, thus providing a focus for planning and implementation of programs to improve regional infrastructure, labour force skills, training and particularly administrative efficiency.

The Association of Provincial Cities also draws the committee's attention to the fact that there is an urgent need to give consideration to the issues of retraining older workers—those in the 30-plus age group—many who may have some reluctance to attend formal education structures. Wage subsidy and training programs, employer based training, job creation, business incubator and entrepreneurial skills development may all be important. However, as pointed out on page 10 of the submission, this major problem is one that has been largely ignored by federal and state governments and, in the case of the provincial cities, needs to be addressed as a matter of urgency.

On behalf of the provincial cities, I submit that there is a significant role for our cities within the economic development of South Australia and Australia. However, there needs to be a coordinated approach by all tiers of government and the private sector so that we can all ultimately benefit. To achieve these aims, we believe that specific initiatives which could be undertaken could include the specification of certain areas as economic enhancement zones attracting favourable investment incentives; the further development of the Northern Spencer aquaculture industry, which would involve investment in development training and export marketing; the development of an arid lands research facility as an adjunct to the arid lands botanic garden to provide advice and expertise to governments, private enterprise and land holders in relation to the implementation of a vision for the sustainable occupation and management of range lands and arid lands within Australia; the construction of the Alice Springs-Darwin rail link; the re-introduction of rail services for freight and passenger transport; environmental improvement projects; tourism infrastructure programs; the development of entrepreneurial labour market and business development training and income support programs; and the development of a magnesium processing operation at Port Augusta.

As stated on page 29 of our submission, we have already indicated that difficulties currently being experienced and the future outlook in particular in Port Augusta, Port Pirie and Whyalla warrant much more serious attention than is currently being given to these cities. It is hoped that we do not have to wait a Newcastle announcement before any action is taken. Recent announcements by BHP of some 800 jobs lost to Whyalla to the year 2000 point to the need to act now. The provincial cities association believe we can prosper, but for that prosperity to become a reality there is a need for the support of the state and particularly the Commonwealth government to ensure that the drive within our communities that is showing will not become lost through disillusionment over the inability of other tiers of government to firmly grasp the nettle for the benefit of the whole nation, not just the eastern seaboard.

In conclusion, in my quarter of a century service to my community and to local government, this is the 312th committee of inquiry or deputisation that I have made to ministers, prime ministers and to premiers. I would hope that this, unlike the two-thirds of

which we have devoted a lot of time and energy in our reporting, does not fall upon deaf ears. Also, it amazes me that this Senate inquiry should have to travel to find out what the problems are with unemployment in this country.

CHAIR—Thank you very much, Mrs Baluch. Mr McSporran, did you wish to add anything?

Mr McSporran—No.

CHAIR—I would like to respond that we do not take it upon ourselves to presume to know the answers. We also strongly agree with points that I think you reinforce in your submission that each city or each region has its own specific difficulties. Although we could say that one of the worst contributors to unemployment in regional Australia is the cutback in public sector jobs—Commonwealth and state—the impact of that is different from region to region, the same with private sector investment.

The reason this committee exists is that we know exactly how bad unemployment is. Secondly, it remains very hard to change, particularly in regional Australia. Indeed, it seems in many places to be going backwards. Thirdly, we do not presume to know the answers. We want to hear from you and your community about ways in which what is clearly a major problem can be better dealt with. We are very pleased to have the opportunity to hear from you, and I appreciate your taking the time to give us a submission. I also welcome the rest of the community who are here.

Senator MACKAY—First of all, I would like to congratulate the association for putting the submission together. I think it is a very good submission and very useful. It is very comprehensive in terms of the issues that it covers. I found it very interesting indeed. Senator Crowley mentioned that the term ‘specialist regions’ is used continually throughout the submission. I come from Tasmania, which in itself is regarded as a regional microcosm. It has all the problems that these regions have. It is similar in terms of high unemployment and high youth unemployment, but it is completely different. That is why I am very interested in the concept of specialist regions where economies are pretty much reliant on a single industry. We know what the problems are, but one of the things that has come across very strongly is that each region has its own specific problems. If we are going to develop regional employment programs, they have to be done not by us but by the community with the assistance of government. That is one of the reasons that we are trying to do this.

In terms of the problems that specialist regions face—and you mentioned some of the proposed remedial strategies that you might look at, the enhancement zone idea, for example—the issue of diversification is a very difficult one where you might have a single employer. Burnie is a very good example of that. There were two major employers—one now. In terms of industry development strategies, what would be included in something like an economic enhancement zone? Other countries have looked at tax breaks, industry development funds assistance, taxation regimes that are conducive to investment coming in from other countries and so on. Where you have a specialist region with one major employer, how do you think you might go about achieving that degree of diversification?

Mr McSporran—All of those issues need to be addressed. What we are saying and what the centre is providing us advice on is that we have no firm answers at this point in time. We believe all of these issues need to be addressed. A decision needs to be made on what is the best grouping of those particular areas that you need to look at. One of the real problems that we are facing, as was indicated in the submission today, is that the number of ideas coming from the community in relation to projects which are being torpedoed or stopped within the state and Commonwealth bureaucracy simply on the basis that they do not meet the perceived needs of the bureaucracy.

The views of the local community are not given the level of credence which we believe they should be, because they have been put forward on the basis of providing some long-term economic benefit for this community. Unless it can be seen as being a number of jobs created in black and white, then those particular projects have great difficulty in getting through the system. I think that is our biggest problem at this point in time. To give you a specific example, we lodged an application for the redevelopment of our aerodrome which has been approved. Our initial timetable was to have it completed by the Thursday prior to Easter of this year. We will be lucky to have it completed by December of this year simply because of all the rubbish we have had to deal with in getting through the processes.

Senator MACKAY—So you are saying that there is a role for government in terms of saying, 'Here is an industry development fund,' and it might be a fund that looks at risk capital or seed funding or assisting indigenous industries that are doing well that may be under risk. Is that what you are saying; that it is not getting through in terms of the role of government?

Mr McSporran—I think there needs to be some decisions made. Communities need to be in a position to make these decisions. If they fall flat, then the community wears it. The decision should not be made by someone based in Adelaide or Canberra and may not necessarily know exactly what we are talking about. They are the real problems we are having in dealing with some of the issues that we are facing at this point in time.

Senator MACKAY—I think that is a very valid point. I would like to turn to a specific example, and that is the new employment services market. Sections of the submission are quite critical of what has happened in terms of loss of skillshares and so on. There has been criticism from other people who have made submissions and appeared in front of the committee that this is an example where the local communities believe they were not sufficiently consulted, and the new market may not meet the needs that are specified.

Mr McSporran—I currently hold the position of chairman of Career Employment Group, which is a group training company. Our office is based in Whyalla. As a company, we chose some 18 months ago to take steps to become involved in some of these areas simply on the basis that we believe, with a proven track record in the engagement of apprentices and trainees within a large area of South Australia, that it was preferable for us as a company to be involved in those programs more so than to have some companies from out of the region become involved. That is the reason why we have become involved. We believe it needs to be dealt with at the local level, not by companies established in the eastern states who are now looking to subcontract that work out. That is a real concern within the region. You would be aware that rural people are more sceptical of people coming

in from outside and telling them what has gone wrong than what the situation may necessarily be in the metropolitan area.

Senator MACKAY—So you are saying that that shift has made the lack of consultation worse. It seems to me there used to be a good relationship between skillshares or the local CES and local businesses or DEETYA. We heard that there was not a regional manager anymore. It seems there was a quite good relationship. Has that been compromised?

Mr McSporran—Time will tell, but I suspect that in the long term it probably has been. I would hope that it is not to our detriment, but the company decided to become involved simply because of our track record, and we believe that we could at least provide local expertise.

Senator MACKAY—I notice in your submission that Telstra did not supply figures in terms of job losses.

Mr McSporran—No. There were some other state government instrumentalities that also refused to supply figures.

Senator MACKAY—We might get those figures for you. They cannot refuse to give them to the Senate.

Mr McSporran—Thank you.

Senator MACKAY—We might get them for you and pass them on. I have one last question. On page 25 of the submission you make a very good point with regard to job creation. You said:

Job creation is highly dependent on inward investment and the demand for labour is derived from the results of this investment. Such investment also provides scope for training as is illustrated below under the now largely disbanded Working Nation Program.

The question of job creation being directly linked to demand so the supply side meets the demand side and labour market programs being linked to job creation rather than bandaid or arbitrary measures is a really interesting one. What aspects of Working Nation do you think were useful in that respect, and what aspects do you think were a bit wide of the mark?

Mr McSporran—I would like to take that question on notice because there could be six different answers from the six communities.

Senator MACKAY—Could you look at that question in context of the new employment services market? I am very interested personally in how it is all working, how it has not worked and how it will work. If you could take that on notice, I would appreciate it.

Mr McSporran—Certainly.

Senator MACKAY—In conclusion, congratulations again for an excellent submission.

Mr McSporran—Thank you.

Senator FERRIS—Mayor Baluch, you mentioned that you discussed with the Prime Minister yesterday the paralysis by analysis of red tape on development. Can you share with the committee any response that he might have made that might be useful?

Mrs Baluch—He indicated that he would take this on board. I realise that he was in a fairly large forum, and I indicated that we would be following this up with documentation. It has been necessary for the city manager on three occasions to go to Canberra and endeavour to unravel the red tape when the goal posts were continuously being shifted. I indicated to the Prime Minister that it was the city manager's views and my own that if we had been given \$200 million instead of just a drop in the ocean of \$20 million we would not have had this hoo-ha.

The community's AN task force prioritised projects which this community saw as being beneficial with long, sustainable jobs to the community. We prioritised those last May. The sale of AN was up at the end of October. We expected to have those programs up and running to dovetail in so that when the work force walked out of the gates of Australian National these programs would have been in place so that those people would have had options. As you have heard the city manager indicate, we had great difficulty in getting the proposal for the aerodrome through the state advisory committee, of which I am the local government representative, because some of those representatives did not feel that it fitted the criteria and what did the extension to the aerodrome have to do with AN workers. Let me tell you that it has a lot to do with it. In relation to Gawler-Craton, in future there would be fly in, fly out opportunities as well as tourism.

In that report we discuss the diversification of industries within the various provincial city hinterlands and regions. We have developed over three generations a highly skilled work force that is recognised throughout Australia. We have lost some of our young sons with high skills to other states. The aerodrome is important in order to keep the young people within our community. However, the aerodrome has been delayed because of the bureaucracy. We wanted to dovetail the redevelopment of the aerodrome in with the redevelopment of the foreshore. If those two could have been dovetailed in together, we could have saved \$500,000 in rail reform. Do you think the bureaucrats can see that? We can see it but we have to convince them. It is a whole load of hoo-ha. If they had given us the money, instead of them continuously interrupting and believing that they know what is better for our community than we do, we would have had it up and running. Did you fly in? Instead of the joggy old thing that you had to come in on, we could have had a far better landing strip for you.

CHAIR—It would not be worth our life to complain about the landing, but I have to say that it was very smooth. Your point does not depend upon the quality of the current aerodrome so much as the opportunity for an improved, upgraded one.

Mrs Baluch—That is right.

CHAIR—Were they state or federal bureaucrats that you were fighting with?

Mrs Baluch—Both. But the greatest humbug is in the South Australian business centre. But you have your fair share in Canberra too.

Senator FERRIS—Mayor Baluch, the last time I came here I seem to remember you saying that a blind man with a seeing eye dog could see what needed to be done in Port Augusta in relation to what happened to the community as a result of changes in the rail system.

Mrs Baluch—That is right.

Senator FERRIS—Can you tell me how the training institutions, in particular the TAFE, have worked with the community to ensure that the training that those people are getting will equip them for jobs in this community? Have you had some links to the community and the training community here?

Mrs Baluch—I believe that overall over the last decade it has not served the industries. As a council and as chair of the Port Augusta-Flinders Ranges Development Board, which has now expanded its boundaries, we took this matter up as a matter of urgency with TAFE because they were not providing the training facilities that were going to suit the industries. Now of course we have restructuring of both of those industries. So there needs to be diversification.

A question was asked of the previous witness who said that there were programs in relation to the hospitality industry, and this is true. They have run programs in relation to wine, bar and presentation, et cetera. But I do not think they have gone far enough. In the hospitality industry not everybody sits behind a word processor and looks glamorous or runs around in a black and white uniform serving wine. There has to be the workers. Somebody has to get down and clean the grotty tiles. Somebody has to make the beds but they only want the glamorous positions. I can assure you that to be a cleaner in a hospitality industry you still have to have high skills.

Senator FERRIS—Most of the figures that you have supplied in your submission enable the committee to assess the circumstances in provincial cities up to 1996 in South Australia. During that period, what specific government programs were able to assist regional areas like yours cope with the labour market changes that Port Augusta, in particular, was experiencing? How do you think they worked out?

Mrs Baluch—Not too damn good, otherwise we would not have the unemployment rate that we have today. I think that speaks for itself.

Senator FERRIS—Can you pinpoint more specifically where you think they fell short? Were they not targeted to the areas you needed? Was the infrastructure change too great for them to keep up?

Mr McSporran—Again, from an administrative point of view, a lot of those programs lost their value in the sense that you had to spend so much time associated with dealing with the administrative work. Whilst I know it is not a view of the government, as a professional local government officer, I believe one of the best programs we had in dealing with those

labour market programs was the original schemes that were implemented under the Whitlam government where local government authorities were given an amount of money and told that they had to employ X number of people with that amount of money and they could do what they liked with it within their existing work force. So much infrastructure within upper Spencer Gulf was provided under those particular programs that as a community we could not have afforded. I think they are the best sorts of programs, but these days they have to be targeted at so-called outcomes. The end result is that, particularly in regional areas, we put people through training programs and training programs with no long-term job outcomes on the horizon.

CHAIR—That is a very interesting point, Mr McSporran. I think some of us might be interested to follow up how you get best accountability or value for your dollar. Do we give it all to you and let you go, which is not what you are saying exactly, but we have seen some stunning examples of how that also blows up in people's faces. You need some kind of blend. We might follow that up with questions in the estimates.

Senator GEORGE CAMPBELL—Can the reports that have been done by the South Australia Centre for Economic Studies on each of the regional cities be made available to the committee?

Mr McSporran—Certainly.

Mrs Baluch—We have the final report yet to come.

Senator GEORGE CAMPBELL—Fine. Presumably you have already presented a couple to the Premier or Deputy Premier. Can we have copies of those and a copy of the third one when it is completed?

Mrs Baluch—Yes.

Senator GEORGE CAMPBELL—On page 13 of your submission you outline the number of job losses in this area as a result of losses in the public sector. What impact will the privatisation of ETSA have in terms of jobs in the power industry in Port Augusta? Have you done an assessment of that?

Mr McSporran—No. The indications we have at this point in time—and we have to take that from the briefing that we have had from Optima Energy—is that there would be the loss of about 40, but most of that would be by voluntary attrition. The whole question of complying with the requirements of the grid places the whole future of the power station on the line, whether it is owned by the public or the private sector. I think the one thing we have got going for us is that northern power station costs of generation or supply of fuel are so much cheaper than what they are for Torrens Island in Adelaide.

Senator GEORGE CAMPBELL—But you have not been given any commitments by the state government about the future of the power station?

Mrs Baluch—No. I would like to add that Optima Energy have been far more up front in relation to shedding of staff than Australia National ever was, and they were more helpful to their staff than Australia National. AN just left them for dead.

Senator GEORGE CAMPBELL—I know you have referred to this in part in response to some of the other questions, but I want to try to get it defined. What do you see as being the role of government—either federal or state—and what form does that government assistance needs to be in respect of regions like this in terms of turning the situation around and creating a growth environment? For example, we talked to the head of the Regional Development Board at Eyre Peninsula this morning, and he put a heavy emphasis on the provision of public infrastructure—road, rail, water, et cetera—as being a key element of support to that particular area in getting economic growth in the area.

Do you have a clearly defined view of the sorts of assistance programs you would like government to provide? What form should that assistance take? Is it a partnership relationship that is necessary to occur? Is it about throwing buckets of money at the region and hoping that they stick and that we get the best result for it? Secondly, you talked about a number of projects that you have on the drawing board or have thought about which would be important to the development of this region. Can those projects be made available to the committee?

Mr McSporran—Yes.

Senator GEORGE CAMPBELL—Are they specific projects that have been costed?

Mrs Baluch—Yes.

Senator GEORGE CAMPBELL—Can we get a list of those projects?

Mrs Baluch—Yes; aquaculture, arid lands research.

Mr McSporran—I think the answer to the first part of your question is that it must be a combination of the three tiers of government and the private sector for it to work. To get back to the comment which Senator Crowley made, there are instances whereby just throwing money at a particular project has blown up in people's faces. I think it needs to be a combination of the three tiers of government and the private sector.

Senator GEORGE CAMPBELL—Would you do that through the regional development organisations or structures similar to that?

Mr McSporran—I think that needs to happen, but I think that needs to be, with due respect, driven to some extent by the private sector in the role of the overall committee or whatever you want to term it. For example, I was involved in the initial establishment of the Spencer Gulf REDO here. I was involved in the submission that went forward for the Lincoln Marine Science Centre. That submission had to be rewritten 17 times. In fact, it was sent back once because there were spelling mistakes in it. That was dealing directly with the bureaucrats in Canberra. That is just an indication of some of the problems we have had to deal with.

Senator GEORGE CAMPBELL—How much of the substance of the report did they change?

Mr McSporran—Nothing in that particular case.

CHAIR—Who sent it back?

Mr McSporran—That was sent back from the then department of regional development.

CHAIR—Of the state government?

Mr McSporran—No, the federal government. In fact, I was invited to Canberra to make a submission to all of the managers in relation to their programs, and that was one of the issues I told them I thought they were just being pedantic.

CHAIR—Did they seriously say, ‘Have this back to correct the spelling’?

Mr McSporran—Yes.

Senator GEORGE CAMPBELL—Perhaps this is an argument for a body outside of the bureaucracy to be taking these types of issues.

Senator FERRIS—Mayor Beluch, I am very interested in the comments in your very good submission. I agree with Senator Mackay. On page 21 you mention poker machines. I was astonished to see that you have estimated the losses in the cities of Port Augusta, Port Pirie and Whyalla to be \$19 million a year. Taking into account that there is some growth in the tourism industry, and the hotels would say some growth in the employment industry, do you believe that poker machines overall have assisted your region? Are you concerned about the social impact of poker machines and the increased demand for welfare services? How would you see the impact of gaming machines in your town—and Mr McSporran may comment on the region—as having impacted?

Mrs Baluch—Each of the mayors of the provincial cities indicate that their social problems have certainly increased, and there have been demands upon the welfare agencies since the inception of poker machines. In fact, one of our local clubs has made application for 40 more machines to be installed, and there was opposition by the local community in relation to that. So you can see that there is fear out there in the community. I only know from the various denominations the call that they have upon them for food parcels. It certainly is increasing and it is a worry. If you have a look at those statistics, Mount Gambier has by far the largest amount of losses. We would not be able to tell what effect people coming into the city in relation to tourism have on that.

Senator FERRIS—What disturbed me most was that the number of poker machines in your area represents 12 per cent of all poker machines in the state compared with 7.2 per cent of the state’s population. Where do you think that \$19 million would be lost from? Do you have any idea of the demographics of where those losses occur? For example, in Port Augusta \$5.7 million is calculated to be lost in terms of gambling revenue. Where would

you see that being lost from in terms of families, young people, older people? Where do you see those losses coming from?

Mrs Baluch—I think it is across the board, but I think the greatest losses would be in the lower income brackets.

Senator FERRIS—Would you think that poker machines overall have been disadvantageous to your Spencer Gulf cities or advantageous?

Mr McSporran—Personally I believe they have been disadvantageous, and I think that is one of the issues which is obviously going to be addressed in the third report by the centre. We are currently undertaking a review with the centre who owns the premises where the poker machines are established. I am aware that a considerable proportion of the premises are not owned by the local people. Not only is the money going into the poker machines; the profits from those poker machines are not necessarily staying within the communities. They are going into state government coffers and into the coffers of the shareholders who do not necessarily live within the region.

CHAIR—I would like your view on what is the major problem. From what you have been saying to us, a whole lot of your time has been in writing submissions and appealing to government and fighting bureaucrats at the state and federal levels, effectively beating your head against a wall. At the same time, you have indicated that what you think is very important in an area is private sector investment. Can you give me a sense of what you see as the major problem? Are you suggesting that you need both, or are you suggesting that you need the public sector investment involvement in infrastructure to persuade private sector that this is a going region? Why is it that you spend so much time chasing public sector dollars?

Mr McSporran—To answer that, I will use the aquaculture industry as an example, having spent time this morning at a meeting dealing with that particular issue. Here we have the opportunity where money was funded by the Keating government to enable us to undertake some research into aquaculture in the snapper industry or the spawning of snapper in upper Spencer Gulf. There was only \$150,000 of Commonwealth money provided. There was money put in by the private sector and by the city of Port Augusta. The end result is that we have ended up with a program where it has been proven that you can spawn snapper and you can get four spawnings of snapper in waters adjacent to the power station at Port Augusta a year.

The private sector has now picked up that particular activity and said, 'We will get involved with it.' As was stated earlier in Her Worship's submission about the problems with the banks, the banks are not interested in the funding for the infrastructure to enable that private sector to build the development until it is proven. What we are saying here is that the public sector can provide funding to enable some of that infrastructure to be provided on the condition that the private sector then picks up the tab for the ongoing maintenance and operational cost for further infrastructure. We then have the possibility of a major industry being developed. In this particular case, we believe that within five to 10 years there could be anything up to 200 people involved in that particular industry.

Senator CROWLEY—I think that is a pretty useful answer, but it does not quite tell me how you would weigh it in the past. But I think I get the drift of what you are saying. The mayor asked at the beginning why did the Senate committee have to come. It was a rhetorical question. By way of answering that question, we do know in regard to the retreat of public sector dollars—at least on the evidence we have had so far, on everything we read and on previous inquiries—that if the state and federal governments take their money and services it adds to the pressure downwards in a community. One would have to ask in light of that evidence why you suppose the government is doing that at the moment. For example, I note that you have got difficulty not only with Hospitality Horizons but also Medicare offices closing. I believe closures have occurred in Port Pirie, Port Augusta, Mount Gambier, Gawler, Berri, Noarlunga and Port Lincoln. I said Whyalla, which was listed here, but I am advised that the Whyalla one has remained open. Has Port Augusta lost its Medicare office?

Mr McSporran—Not as far as I am aware—not unless that announcement has been made this morning.

CHAIR—That is very interesting. This is from Minister Wooldridge. I had better have a chat to him as to what is he suggesting.

Mr McSporran—One of the issues that we have highlighted to the states is that there are decisions made by government departments often in isolation from the total context of a whole of government approach. They will take something away from here because the demand is not there. That suddenly means there is a hole over here as well. It is one of the issues which the provincial cities have raised with the state government. If you want to establish an industry, you have to go through an environmental community impact process. When you want to close an industry or shift something out, then you should go through exactly the same process and make it open. The answers that we get are that this process is undertaken by government. But in all of my 35 years involvement in local government I have not been consulted by any government agency, whether it be state or Commonwealth, in relation to what impact a decision to close a particular government agency would have on the community of Port Augusta.

CHAIR—That is a very interesting point. I want to comment that we have had evidence from other places already that the retraining of people over 45 is vitally important. I am very interested in your evidence on this issue. In the interests of time, I will not press that point. I acknowledge the importance of it very much. We thank you for your contribution to that too.

Mrs Baluch—In relation to the retreat of the public sector, back in the 1970s, 75 per cent of the male work force in Port Augusta worked for government instrumentalities. In actual fact, it was higher than Canberra. Today it is nine per cent. That has had a marked effect.

Senator CARR—The images we are getting from this inquiry seem to be reminiscent of the images that came out of Thatcherite Britain in the north of England in recent times. I was struck by the table you have put before us where you have a proposition regarding the qualifications of people in the region. It indicates to me that two-thirds of the residents of the district listed have not achieved educational qualifications. Does that, in your judgment,

make this region more vulnerable as a result of the removal of services, removal of infrastructure support and a situation where the levels of educational attainment are quite extraordinary? They are amazing figures that you have produced here?

Mr McSporran—In Port Augusta's case the answer to that question would be yes. I believe the major impact of the closure of Australian National workshops has yet to be felt on the work force in Port Augusta simply because for the last 12 months that impact has been softened significantly by the fact that a lot of the employees have been engaged on the expansion work associated with Olympic Dam and Roxby Downs. When that work starts to wind down in the not too distant future we will be facing a major problem within the city in unemployment numbers. Pressure will then be added to the services to meet those demands.

I think a question was raised earlier in relation to Mr Kimber about counselling services. That is one issue which we have highlighted in our submission under the rail reform program, and this one is being killed off in Canberra at this point in time because they are saying that the demand can be met from the existing local services. The local services have provided evidence to say that they cannot meet the demand, yet we are talking about \$250,000 spread over two years.

Mrs Baluch—We are talking about preventative measures, but the bureaucrats cannot comprehend this.

CHAIR—I want to mention a comment given to us earlier which I think is very powerful—that is, the need for counselling. You asked about why we are having this inquiry. It is different, but we have also had very powerfully told to us that if you want information about increasing your jobs or looking for exports or finding counselling services or where you go to get the right sort of training, it is no fun to be told to dial an 1800 number and find yourself talking to somebody in Sydney.

Mrs Baluch—That is right.

CHAIR—People are saying that they want somebody the whites of whose eyes they can see when they sit down and talk to them. They want it locally—that is, regional knowledge and regional support. I note that both the witnesses are nodding for the record. Nods do not get recorded but I am recording them for you.

Mrs Baluch—I will say yes.

CHAIR—Thank you very much indeed. We would like to take this opportunity to ask people to come to the table as part of a public forum and add your comments. I would like to ask the principal of Caritas College to convey to the students our regret that we did not have the opportunity to give them a call. If they would like to write us a letter about what it is like to be a prospective unemployed young person in Port Augusta, we would be delighted to hear from them.

This is a public forum, so we expect that you are not going to request to have your evidence heard in private or in camera. But if you want to do that you can ask the commit-

tee and we will give consideration to it. You are a formal part of a Senate committee, so you are covered by parliamentary privilege.

Mr Buckland—My name is Geoff Buckland for the Australian Workers Union. I operate in this area of South Australia. Thank you for the opportunity to make some comments. I am sorry that this public forum has cut short what the City Council of Port Augusta had to say. I was most interested in that and it was very telling.

From the union's point of view and dealing with the whole of this region, we have found the cuts in public services to the area most telling in that there has been a loss of staff, a loss of income and a loss of people to the communities that they serviced. That has been particularly true in areas of the CES, the department of education with the cutbacks in schools—much of this is state based—Telstra and the rail operations that were previously in Port Augusta.

It is also important to understand that we have had very significant cutbacks in the banking system in South Australia. We are now operating with tellers rather than with managers and full staff. That is concerning the communities in that we do not have proper banking services. We have holes in the wall, and it is very difficult for us to carry on proper business for housing loans, et cetera, particularly if you are away from the main areas of Port Augusta, Whyalla and Port Pirie.

I think the effect of the cutbacks has meant that regional communities are now starting to rely on redundancy based incomes rather than relying on jobs. They are also starting to rely on gambling. It is very telling that through my office we have four referrals per week to Centacare in Whyalla for services that are connected with family breakdown, monetary problems and child abuse. We have never had that until the last two years.

I think it is also important to understand that if you walk through the communities of Whyalla, Port Augusta and Port Pirie and the regional areas of Peterborough and Port Lincoln you will see so many closed shops. They are vacant and there is no possibility at this point in time of those premises being leased to previous operators or new operators. It is also very telling—and I say this with personal knowledge, having to care for a building in the union's name—that the managers of those buildings are afraid to put the rents up so that they can keep pace with inflation for fear of losing the tenants that they have.

Senator GEORGE CAMPBELL—I noticed in each of the regional centres you referred to that on the figures we were given they all have negative population growth.

Mr Buckland—All have negative growth and the problem we have with that is that there are no jobs. Those people who are going out of the private sector and the government sector do not have opportunity to retrain. Even though the TAFE structure is there at the moment, they do not have the opportunity to retrain for a job that may well give an ongoing employment regime.

Having been involved with the TAFE so long, and listening to what Mr Kimber had to say today and indeed what Mr Harvey in Whyalla had to say about the university, we are training people for a future that does not possibly exist. We can talk about the great thing

Kistler, but we have not got Kistler. Yesterday's announcement was just one further step towards getting an ongoing contract for Kistler to be launching satellites into the outer atmosphere. My understanding is that there are no orders for Australians to launch. They are going to do the trials and we may not have an ongoing industry through that.

The rail link to Darwin, should that go ahead—I have heard of so many attempts to get this going that I have to say I am sceptical, but I do pray that that does go ahead—will increase sales of steel from Whyalla. It will produce no additional jobs. The fear I have is that South Australia will lose out on that. We may get the steel for the rails, but the link is going to be built between Darwin and Alice Springs. That is not South Australia. The great sleeper plant that was here at Port Augusta may get some of the orders for the sleepers, but in reality I think we have to believe that the orders will go to a plant in the Northern Territory.

CHAIR—I have to say that I am glad someone is a bit cautious about the benefits to South Australia.

Senator GEORGE CAMPBELL—It seems to me that from all we have heard today, from what we have heard from the Eyre Peninsula Development Board and from what we heard in Whyalla what has come across very clearly is that in a region like this the market will not solve the problems of these communities. Unless there is direct government intervention in some form—whether it be federal, state or local government or a combination of all three, public sector involvement in these communities—then the expectation is that they will die because the market will not deliver the outcomes.

Mr Buckland—That is the view that is being held by many of us. I think what Her Worship the Mayor said is so correct, that we want this committee to do something. We have had promises before. We have not had them delivered.

CHAIR—Thank you very much.

Ms Hutchison—My name is Colleen Hutchison. I am CEO of the Northern Regional Development Board, which covers 76 per cent of the state. I was a bit late in getting my submission ready, so maybe I could give it to somebody afterwards. I would like to highlight a few more points that were made earlier through the Port Augusta submission specifically in relation to the airport. I have had a lot of meetings with mining companies, and I believe mining is one of the areas that can be of major growth in South Australia, particularly in my region. As a result of those meetings with the mining companies—and Mr McSporrán was with me—the first thing that arose was that we needed to upgrade the airport. I would reiterate the comments made by Mr McSporrán with regard to the slowness in getting that money through. It is impinging on the work that is being done by the local commuter aircraft service. It is also making problems for the Royal Flying Doctor Service. This airport is actually the base for that service.

CHAIR—Who owns the airport?

Ms Hutchison—It is under local ownership—Port Augusta City Council.

CHAIR—So the city council owns it?

Ms Hutchison—Yes. It is under the ALOP program.

CHAIR—I thought it might have been. So where do you want the money from?

Ms Hutchison—The money is coming from the rail reform transition program, and it has been very slow in getting here. That is one of the problems. It was also very slow in getting here for the aquaculture project. Again, that is an industry that is an embryo at the moment but which offers a lot of opportunities for us here. So we need to get money for that.

But taking up a point that Senator Mackay made, there is room for provision for things like tax breaks, investment capital and infrastructure capital. One of the big problems we have with any program at the federal level is that dollar for dollar subsidy. We cannot do it. In these areas we cannot match it. So you need to look at these things sensitively at the Canberra level.

We have been trying to get money for a feasibility study for the Coober Pedy airport. We cannot get money for feasibility studies. We need to do that in terms of a project called SASE, which is the South Australian steel and energy project. It is scheduled for about 2001, but it is a massive development of the order of Roxby Downs. We need to be getting the feasibility done for the Coober Pedy airport to make sure that we are prepared for that development to take place. We cannot get money for those sorts of things.

CHAIR—Thank you.

Mr Newman—My name is Peter Newman from Northern Region Training Inc., sponsor of Skillshare Port Augusta. Very briefly, I only have two pages of comments; I will limit it to two lines. I have noticed a major gap in the dialogue that has occurred here today. The gap I have observed as a person who works at the coalface with unemployed people is that while all the discussion about economic growth is fine—and I am not an economist and I am not involved in regional development and I am not sure what would go and what would not; I cannot judge that—I have noticed that all of the discussion around training and bringing people's skill levels up are to do with people who have already had an education, who often have already had work experience and who in many cases have already got skills and training which need to be upskilled.

The group we are dealing with, and this is by far the largest group of unemployed people in this region, are those who are disenfranchised, who often, like Aboriginal kids, are not making it through to year 9 or even year 8—they are not getting any education, let alone training and work experience later on. These people do not have under the current and the future labour market programs any access to pathway programs, programs whereby they can actually access very base skills level training, what are called key competencies and just simple experiences which are positive, non-school experiences in training. You can see me wearing my skillshare hat now. Skillshare ends tomorrow, so you will have to forgive my bias there. It does seem there is a gap in this discussion.

CHAIR—I think it is a very interesting comment. I might say that you can be reassured that we are not going to overlook it overall.

Senator CARR—That is why I raised the point that 70 per cent of people in many of these major centres do not have any education at all.

Mr Newman—Correct. Heaven knows what the literacy levels are. TAFE would probably know better than we do. I guess that half to 70 per cent of skillshare clients at entry level would have trouble entering TAFE. I guess TAFE are probably having trouble dealing with a lot of people who come from us as well in terms of literacy levels.

Mr Kimber—Yes.

Senator MACKAY—Mr Newman, it is a very interesting and valid point that you make. This point, you would be reassured, has been made several times in terms of previous witnesses over the last day and a half. There has been a great deal of concern that with the changes to the employment services the services that the CES or DEETYA were providing previously with regard to training in terms of the kind of target group that you are talking about would no longer be available. A group yesterday were talking about, effectively, entry level type training and saying that there is now no longer the flexibility there to actually talk to the CES and say, 'We will work together and put together a training program on X,' to allow that sort of generic skills development.

Mr Newman—Training programs have already moved in the last six or eight months—and I assume they will keep going this way—towards training for a specific job. In this area, for example, you can get money for people to train for Western Mining or associated industries. But if I have a group of people who may be suffering grief problems from unemployment and suffering social problems and who need personal development before they can then move on to thinking about where shall I go from here, forget it. There isn't any money.

Senator MACKAY—There is no money. I was not aware it had become so severe so fast.

Mr Newman—There may be some money somewhere but I have not found it.

Senator MACKAY—No, I do not think there is.

Senator CARR—Take \$1.8 billion out of labour market programs, most of which actually ended up at TAFE colleges in one form or another or the VET system, and of course that is the consequence.

Senator FERRIS—I am interested to ask Ms Hutchison a question, because I think she is uniquely placed to make a comment. The submission that we have got talks about job shedding being relatively unabated in the recent past from 1986 to 1996. You were in a position then as the local member to see a range of job management and marketing programs, jobskills programs and so on. Could you comment on how you saw those

programs working, both Commonwealth and state, and why it is you think that in 1998 we still have a huge problem of entrenched unemployment in this region?

Ms Hutchison—To firstly answer your question about the programs that were available both at state and federal level, the predominant one available at state level was a program called kickstart, which was particularly successful in this region. That was the state program. With regard to a lot of the other programs—for example, new work opportunities, jobskills, those sorts of things—depending on where they were run, some of them were quite successful. For example, in the Coober Pedy region we had some very good successes under jobskills, and we had some good successes in other areas under new work opportunities. Unfortunately, we did not have a lot of those programs here in Port Augusta. There were not a lot of them run, so we did not have the benefit of knowing whether they were going to be good or not going to be good.

Senator FERRIS—Can I ask you to address the AN bit? In the early days of the job shedding in AN, which I think began in about 1992 or the early 1990s, what was happening then with those people as they lost their jobs in terms of retraining and so on?

Ms Hutchison—I did not actually keep specific figures, but I do know that some of them did some training under kickstart. Again, a lot of those programs were only short-term options; they were not long-term options. That is one of the things that worries me about a lot of programs being done. With kickstart it was more industry specific, so I think that it was probably more successful in terms of getting short-term jobs but not long-term jobs.

To answer the other part of your question as to how successful the whole of it has been, it has not been successful for the simple reason that the job losses have been so extensive. To pick up the point made by Mayor Baluch in regard to the very high level of employment in the public sector that was here in Port Augusta, there was always going to be a problem if governments restructured, and both state and federal governments restructured. Therefore, with that high level of 75 per cent of Public Service employment, we had to be in trouble, and you could not do short-term options.

CHAIR—This has been a tremendously useful session. I thank you very much indeed. The only disheartening news I take from here is that mature age unemployed is now as young as 30. That is a pretty big negative, tinged with a horrible reality. Thank you all very much.

Committee adjourned at 3.55 p.m.